

HOUSE BILL No. 2071

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-2.1-4.

Synopsis: Mandated health care benefits review. Establishes the mandated health insurance services evaluation commission. Requires the commission to analyze legislative proposals that mandate health insurance benefits. Provides that the commission must prepare an analysis of a bill or resolution before the bill or resolution may be recommended for passage by the committee of the house of representatives or senate to which it is referred and before the bill is voted on by either chamber of the general assembly.

Effective: July 1, 2001.

Smith M, Behning

January 17, 2001, read first time and referred to Committee on Rules and Legislative Procedures.

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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 2071

A BILL FOR AN ACT to amend the Indiana Code concerning the general assembly.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2001]:

4 **Chapter 4. Mandated Health Insurance Services Evaluation**

5 **Sec. 1. The general assembly finds the following:**

6 (1) Before acting on proposed health insurance mandates, the
7 general assembly should carefully consider the effects of the
8 mandates on consumers, workers, and small businesses.

9 (2) The general assembly has often acted without adequate
10 information concerning the costs of health insurance
11 mandates, focusing instead only on the benefits.

12 (3) The costs of health insurance mandates are often paid in
13 part by consumers in the form of higher prices and reduced
14 availability of goods and services.

15 (4) The costs of health insurance mandates are often paid in
16 part by workers in the form of lower wages, reduced benefits,
17 and fewer job opportunities.



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(5) The costs of health insurance mandates are often paid in part by small businesses in the form of hiring disincentives and stunted growth.

Sec. 2. As used in this chapter, "commission" means the mandated health insurance services evaluation commission established by section 4 of this chapter.

Sec. 3. As used in this chapter, "mandated health insurance service" means a legislative proposal that:

(1) requires coverage, or requires offering of coverage, for the expenses of specified services, treatments, diseases, or lengths of stay under any policy, contract, plan, or other arrangement providing sickness and accident or other health care benefits to policyholders, subscribers, members, or other beneficiaries; or

(2) requires direct reimbursement, or requires a specific amount of reimbursement, of health care providers under any policy, contract, plan, or other arrangement providing sickness and accident or other health care benefits to policyholders, subscribers, members, or other beneficiaries.

Sec. 4. The mandated health insurance services evaluation commission is established to assess the social, medical, and financial impacts of proposed mandated health insurance services.

Sec. 5. (a) The commission consists of twelve (12) members appointed as follows:

(1) Two (2) members of the house of representatives, appointed by the speaker of the house of representatives. The individuals appointed under this subdivision must be members of different political parties.

(2) Two (2) members of the senate, appointed by the president pro tempore of the senate. The individuals appointed under this subdivision must be members of different political parties.

(3) Two (2) members to represent small business, appointed by the governor.

(4) One (1) member to represent the insurance industry, appointed by the governor.

(5) One (1) member to represent labor, appointed by the governor.

(6) One (1) member who is employed with an independent actuarial firm, appointed by the governor.

(7) One (1) member who is a physician provider, appointed by the governor.

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(8) Two (2) members who are consumers and who are employed, appointed by the governor.

(b) Not more than six (6) members appointed to the commission may be members of the same political party.

(c) The chairman of the legislative council shall appoint the chair of the commission. The chair of the commission serves at the pleasure of the chairman of the legislative council.

Sec. 6. (a) The commission shall meet at least one (1) time each month.

(b) The commission shall meet at the call of the chair.

(c) Seven (7) commission members constitute a quorum.

(d) The commission may take a final action upon the approval of seven (7) commission members.

Sec. 7. (a) Each commission member who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). Such a member is also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(b) Each commission member who is a state employee is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 8. The legislative services agency shall provide administrative support for the commission.

Sec. 9. (a) If a bill or resolution that is introduced or pending in the general assembly contains a mandated health insurance service, the commission shall determine the following:

(1) The social impact of the proposed mandate, including the following:

(A) The extent to which the service is needed by and generally used by a significant portion of Indiana citizens.

(B) The extent to which insurance coverage for the service is already generally available.

(C) If insurance coverage for the service is not generally available, the extent to which the lack of coverage results in individuals avoiding necessary health care treatment.

(D) If insurance coverage for the service is not generally available, the extent to which the lack of coverage results



in unreasonable financial hardships.

(E) The level of the public demand for the service.

(F) The level of the public demand for insurance coverage for the service.

(G) The extent of public demand for the inclusion of insurance coverage for the service in policies, contracts, plans, or other arrangements negotiated through collective bargaining.

(H) The extent to which the service is covered or provided by self-funded employer groups in Indiana that employ at least five hundred (500) employees.

(2) The medical impact of the proposed mandate, including the following:

(A) The extent to which the service is generally recognized by the medical community as being effective in the treatment of patients.

(B) The extent to which the service is generally recognized by the medical community, as demonstrated by a review of scientific and peer review literature.

(C) The extent to which the service is generally available and used by treating physicians.

(D) If the proposed mandate would require insurance coverage for a particular therapy, the results of at least one (1) professionally accepted controlled trial comparing the medical consequences of the proposed therapy, alternative therapies, and no therapy.

(E) If the proposed mandate would require insurance coverage for an additional class of persons, the results of at least one (1) professionally accepted controlled trial comparing the medical results achieved by the additional class of persons and the persons already covered.

(3) The financial impact of the proposed mandate, including the following:

(A) The extent to which insurance coverage for the service will increase or decrease the cost of the service.

(B) The extent to which insurance coverage for the service will increase the appropriate use of the service.

(C) The extent to which the service will be a substitute for a more expensive service.

(D) The extent to which insurance coverage for the service will increase or decrease the administrative expenses of insurers and the premiums and administrative expenses of

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policyholders, subscribers, members, or other beneficiaries under policies, contracts, plans, or other arrangements.

(E) The effect of the mandate, including any disproportionate effect in particular regions or industries, on consumers, workers, and small businesses, including the effect of the mandate on the following:

(i) Consumer prices and the supply of goods and services in consumer markets.

(ii) Worker wages, worker benefits, and employment opportunities.

(iii) Hiring practices, expansion, and profitability of businesses, including the hiring practices, expansion, and profitability of businesses with not more than one hundred (100) employees.

(F) The effect of the insurance coverage for the service on the total cost and availability of health care in Indiana.

(G) The effect of the mandate on employers' ability to purchase health insurance policies meeting their employees' needs.

(b) The commission shall also have prepared an actuarial analysis of each mandated health insurance service described in subsection (a). The actuarial analysis must:

(1) be prepared by or under the supervision of an actuary;

(2) be completed in accordance with the actuarial standards of practice adopted by the Actuarial Standards Board of the American Academy of Actuaries; and

(3) include at least the following:

(A) A summary of the mandated health insurance service.

(B) A description or reference to the actuarial assumptions and actuarial cost methods used in the analysis.

(C) A statement of the financial impact of the proposed mandated health insurance service on public and private insurance markets.

Sec. 10. The commission shall prepare the mandated health insurance service analysis required by this chapter before a bill or resolution that:

(1) is introduced or pending in the general assembly; and

(2) contains a mandated health insurance service;

may be recommended for passage by the committee of the house of representatives or senate to which it is referred and before the bill is voted on by either chamber of the general assembly.

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